

SYSTEM AND METHOD FOR A LOTTERY AND AUCTION BASED  
TOURNAMENT ENTRY EXCHANGE PLATFORM

TECHNICAL FIELD OF THE INVENTION

This invention relates in general to exchange platforms and, more particularly, to a system and method for an exchange platform for trading entries in a tournament.

5 CROSS REFERENCE TO RELATED APPLICATION

This application is related to and claims the benefit of U.S. Provisional Application No. 60/462,176 filed April 11, 2003.

BACKGROUND OF THE INVENTION

Exchange systems exist for trading assets. A known system provides a platform for trading shares of stock in various companies. The platform enables purchasers and sellers of the assets to make and accept offers to sell and/or offers to buy the assets from one another. The system then facilitates the transaction between the buyer and the seller. The NASDAQ is an example of such a system.

In a typical auction, such as an automobile auction, for example, an item is made available for bidding. Various participants place bids for the item. Typically, there will be a starting bid proposed by an auctioneer. The starting bid may be a minimum acceptable bid. One participant may place the starting bid. Other participants may place subsequent bids, each subsequent bid being higher than the previous bid. At the end of the bidding period, or if there is a point at which no participants wish to make a higher bid than the present bid, the highest bidder purchases the item for the bid price.

Many states have lottery systems, by which participants purchase entries in the lottery. The money paid for the entries is pooled and a portion of the pooled money is paid to winners based on fixed odds or based on the number of winners in a pooled game. The winner may be determined by matching randomly drawn numbers to a series of numbers on lottery tickets given to the participants in exchange for the entry purchase price.

Tournaments are among the various sports competitions. The NCAA basketball tournament, for example, is held from mid-March to early-April each year. It involves sixty-four teams in an elimination style format and is among the most widely bet sporting events in the United States. Many thousands of people bet on the tournament in some form or another. One of the most popular forms of betting is in a "bracketed pool" where, prior to the beginning of the tournament, individuals attempt to select the winners of each game played throughout the tournament and points are awarded depending on the stage of the tournament (i.e. more points are awarded for later games in the tournament than earlier games). All of the participants pay a single entry fee (i.e. \$5, \$10 or even \$100) and fill out a tournament grid. The NCAA tournament bracket is published in newspapers nationwide and on the Internet and numerous pools are created in offices and among friends.

SUMMARY OF THE INVENTION

Among other things, the present invention provides an exchange system and method according to which interests in entries in an activity may be transferred between users. The entries, or interests therein, may be first distributed, for example,  
5 according to a lottery or an auction.

In one embodiment, a method includes distributing a first set of entries in at least one activity and conducting after market trading of at least one of the entries between at least one buyer and at least one seller. The after market trading may include receiving, from a first user, at least one buy request associated with at least  
10 one entry of the first set of entries. At least one sell request associated with the at least one entry of the first set of entries may be received from a second user. The at least one buy request may be matched with the at least one sell request. The at least one entry of the first set of entries may be transferred from the second user to the first user. In another embodiment, the after market trading may include conducting a short  
15 sale of the at least one entry.

In another embodiment, an exchange system is provided for conducting the exchange of an interest in at least one entry in an activity. The system includes a processor operable to transfer the interest from a first user to a second user.

Various embodiments of the present invention may benefit from numerous  
20 advantages. It should be noted that one or more embodiments may benefit from some, none, or all of the advantages discussed below. One advantage is the ability to transfer interests in entries in an activity between users in a market exchange environment. Another advantage is to enable an electronic trading platform for the exchange of entries (or interests therein) in activities. Another advantage is that  
25 entries may be distributed by way of a lottery or an auction and then traded in a after market, where the market value of each entry may vary from the initial price paid for the entry. Other advantages will be readily apparent to one having ordinary skill in the art from the following figures, descriptions, and claims.

BRIEF DESCRIPTION OF THE DRAWINGS

For a more complete understanding of the present invention and for further features and advantages, reference is now made to the following description, taken in conjunction with the accompanying drawings, in which:

5           FIGURE 1 illustrates a method for distributing and exchanging entries in an activity in accordance with an embodiment of the present invention; and

            FIGURE 2 illustrates a system for distributing and exchanging entries in an activity in accordance with an embodiment of the present invention.

DETAILED DESCRIPTION OF EXAMPLE EMBODIMENTS OF THE INVENTION

In accordance with example embodiments of the invention, methods and systems are provided for distributing and exchanging entries in one or more activities.

5 By way of example only, the following description will refer to entries as being the teams in a sixty-four-team NCAA basketball tournament, and the activity as being the tournament itself. The systems and methods described herein also determine winning entries. By way of example only, the description will discuss a winning entry as being the team that wins the NCAA basketball tournament.

10 These are examples only. The scope of the invention is intended to cover any suitable activities, entries, winning entries, events, parameters, etc. Activities may include, without limitation, any activity for which one or more winning entry may be determined. For example, activities may include sporting competitions, entertainment competitions, political elections, financial market performance, and the like. Entries  
15 may include teams, individuals, events, or any other designation for which one or more winning entries may be determined based on the outcome of the activity or the occurrence of an event associated with an activity. Parameters may include any parameter, event, condition, or the like that may impact the activity, the entry, or the distribution or exchange of entries. Parameters may be associated with users, entries,  
20 activities, or the exchange system, for example. Events may include any event for which a determination is made to take an action. The event may be the occurrence of an event within an activity, the end of an activity, a time, or the occurrence of a value associated with a parameter, for example. Actions include any actions required for the operation of the various described systems and methods. Actions may include, for  
25 example, distribution of entries, receipt or communication of buy and sell requests by users, matching of buy and sell requests, exchange of entries, payment and receipt of funds for the exchange of entries or any other service provided by the exchange systems and methods, determination and communication of exchange data and information, and payouts for winning entries.

30 For entries to be exchanged, at least one entry must be distributed. In accordance with various embodiments, entries may be distributed by a suitable method. For example, entries may be distributed according to a lottery, an auction, a

sale, or any other similar process. Preferably, entries are distributed to users who may later participate in exchanging entries with one another, or with other users who did not receive entries during the distribution. A user may be an individual, a consortium, a company, a trust, a computer, or any other entity that may be associated with an entry.

By way of example only, FIGURE 1 illustrates a lottery method of distributing entries for an NCAA basketball tournament. The order of the steps is not necessarily required. In a first step 102, entry opportunities are offered to users. The users may be known, pre-selected offerees, or users among a general market. In step 104, the users collectively purchase sixty-four entry opportunities by paying a single entry fee for each entry opportunity. In this example, the number of entry opportunities equals the number of tournament entries, but this is not required. In step 106, the entry fees are aggregated in a pool. In this example, the entry opportunity fee is \$100. Therefore, \$6,400 will be aggregated in the pool. All or a portion of this \$6,400 may be paid to a single or multiple winners. In step 108, preferably prior to the start of the tournament, each user is randomly assigned one of the sixty-four teams for each entry opportunity purchased. It is preferable, though not required, that all of the available entry opportunities are purchased and that each of the entries (e.g., the teams in the tournament) are associated with a user.

Obviously, some teams will have a better chance to win the tournament and, therefore, will have a higher value than others. All teams are immediately able to be bought and sold, either to other users already participating in the pool or to others not participating, for whatever price the market will bear (considering that the owner(s) of the winning team(s) will win all or a portion of \$6,400). A strong team such as Duke or Kansas might command a price of \$2,000 or more, while a weak team might command a price of only \$5 or \$10. In one embodiment, entries may be bought and sold at any time throughout the tournament, right up to the final minute of the final game. Alternatively, exchange of entries might be limited to a certain time period, the beginning and end of which may be determined according to any criteria. The current buy and sell prices are preferably listed or displayed in connection with an exchange, described in greater detail below.

In step 110, at least a first user establishes an account. Preferably, multiple users establish accounts. The accounts are established for a number of purposes, including associating a user identity with each entry to designate which owners own which entries. The accounts may also be used to conduct payment transactions.

5 Accounts may be established according to any suitable process. In one embodiment, a user requests that an account be established for a certain amount of money. The user may immediately fund the account by way of, for example, an electronic debit of the user's checking account, or by use of a credit card. Optionally, accounts may be established base on credit extended to the user. In the case of an extension of credit,

10 the applicant user's creditworthiness is preferably checked to meet certain criteria prior to the establishment of the account.

In step 112, a first user places a buy request. The buy request may include, for example, the identification of an entry and the requested purchase price. In step 114, a second user places a sell request. The sell request may include, for example, the

15 identification of an entry and the requested sell price. Users may submit single or multiple buy and sell requests at a given time. Alternatively, the system may be configured to require that each buy or sell request be made separately.

In addition to buying or selling an entry, users may make a request to sell short (and/or buy long). For instance, a user may request to sell short an entry they do not

20 own any time they think it is overpriced. If a user completes a short sale, then the user is appropriately associated with the entry being sold short and at the determining event (e.g., at the end of the tournament) a determination is made whether the user owes money or is due money in addition to a payout from the pool. For example, assuming a user sees that Oklahoma is trading at \$2,000, the user might consider that

25 entry to be overpriced. In other words, given the user's assessment of the chances that Oklahoma will win the tournament, the user believes that \$2,000 is too much to pay for an Oklahoma entry. The user may attempt to sell short sell Oklahoma short at \$2,000 (even though the user does not own the Oklahoma entry). Another user may purchase Oklahoma at \$2,000 (the actual market price). Then the short seller must

30 cover his short position at a future time, when he hopes the price for Oklahoma will have fallen. For example, if at the time he covers his short position, the price of Oklahoma is \$1,800, then he will have profited \$200.

In the event of a short-sale, the short-seller preferably posts a margin commensurate with the imputed risk. Margin requirements are based, at least in part, on the total possible loss (i.e. 60% of the total pool where second and third place finishers are paid; 100% of the total pool where only the winner is paid), and can be weighted to reflect event-specific details (such as the perceived odds of winning and, therefore, risk of loss to the house or other entity providing the team for short-sale). Since the short seller is responsible for paying any resulting winnings attributable to that team (akin to a stock short-seller being responsible for dividends), margin requirements can also reflect the fact that in multiple-team payoff pools (i.e. second-  
5 fourth place teams are paid), there is an added risk of loss than in a single-team (all to winner) payoff pool.  
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The pool can be structured such that a participant buys all sixty-four teams in the tournament (or some lesser amount) and then sells the teams he does not wish to keep, thereby reducing the cost of his purchase. A participant then has the option of  
15 buying from the house at the start of the tournament or buying preferred teams on the trading exchange (or directly from an owner where permitted), a choice that can be made after consideration of, among other things, the perceived value of the preferred teams and non-preferred teams and their current trading prices.

In step 116, buy requests are matched with sell requests. Matching can be  
20 accomplished by any suitable method. In one embodiment the match only occurs if the buy request entry matches a sell request entry and the associated buy price equals the associated sell price. The buy and sell prices do not, however, have to be equal in all embodiments, and matches may be made according to certain predetermined considerations even if the buy and sell prices are not equal. This is described in  
25 greater detail below. However, one example would be where a match occurs if the buy and sell prices differ by less than a certain amount. In such a case a transaction (or exchange) may be made at the buy price, the sell price, or at another price (such as half way between the buy and sell prices, for example). This may be useful, for instance, if a seller would prefer to get a certain price for his entry but would accept a  
30 lesser amount, and a corresponding buyer would prefer to buy an entry for a certain amount (which is less than the sell price), but would agree to buy the entry for an amount greater than the buy request price.



Further, in accordance with another embodiment, a buyer need not specify an entry, but rather may specify only a buy request price. In such a case, a match may occur so long as there is any entry available at the buy price (or some other acceptable price. These are examples only, and it can be appreciated that numerous scenarios  
5 may exist where buyers and sellers are matched to result in an exchange of one or more entries at specific or determined prices. The present invention encompasses all exchange scenarios that may occur in connection with the exchange of other assets, such as the trading of stocks on the NASDAQ.

As discussed, the value of entries being managed by the exchange systems and  
10 methods described herein may change according to the dictates of the market. The market may dictate, according to any number of factors, what is an acceptable buy or sell request price. It is envisioned that as an activity (such as a basketball tournament) progresses, the market price for entries will change. Preferably, entries that have been eliminated from the tournament receive a designation of a zero value immediately  
15 upon elimination. The market value of the other entries will increase or decrease based upon their performance at various stages of the activity (e.g., in each game of the tournament) and other factors such as injuries, weather, changes in venue, and other factors which may effect the performance of an entry in the activity. Market value may also be affected by indirect factors that are unrelated to entry performance,  
20 such as trends in popularity.

At step 118, the tournament concludes, and the holder of the winning entry receives a payout. The payout can be determined according to any suitable method. For example, the payout can be all or a portion of the pool of entry fees. The payout can be some other fixed amount. The payout can be an amount from which is  
25 deducted a commission or takeout. A takeout might be deducted, for example, by a host which operates the exchange. The takeout or commission can be determined according to any suitable method. For instance, the takeout might be determined as a percentage of the initial pool of entry fees (say 10%) or on the basis of a fee per exchange, or per dollar amount of exchanges (e.g., 2% of each trade).

30 In order to facilitate bids, lottery purchases, and exchanges, a host of the exchange could establish a minimum guaranteed prize amount. For example, the host of the pool could guarantee that the minimum prize to the winner would be \$1,000,

and then bidding on the various teams would reflect that the successful bidder for one of those teams stood to win that amount of prize money (e.g., a strong tournament favorite might command a bid in excess of \$500 if the winning bidder was guaranteed \$1,000 if the team won the tournament, which, in turn, could be expected to generate additional bidding on other teams by those who did not expect the favorite to win).

It should be recognized that there may be more than one "winning" entry. For example, payouts may be made to the first, second, and third-place entry teams in a tournament. Similarly, there may be more than one time or event at which a payout is determined for a given entry. For example, a single entry may "win" at the end of each stage in a tournament or at the end of each quarter in a football game.

There may also be numerous pools for each activity. With respect to an NCAA tournament, for example, there may be many distributions of the same entries. This is preferable such that entries (e.g., basketball teams) will be traded regularly and no one team is unavailable. One person may own the same team in multiple pools, or may own different teams in the same pool. There may be multiple instances of the same activity for which the entry opportunity price varies. For example, there may be a \$5 pool, \$10 pool, \$20 pool, \$50, \$100 pool, and \$500 pool for one tournament. Various prizes and/or money may be awarded in varying prize formats. For instance, some pools may only pay money to the winner, while other pools may pay the owners of the top two, three or four teams (the final four), with the winning team receiving more than the second, which receives more than the third, etc. (e.g., of a \$6,400 pool, 60% goes to the winner, 20% to second, 12% to third and 8% to fourth). Prizes do not have to be cash, but can be anything that has a value, such as memorabilia, merchandise, points, airline miles, services, etc. Players may choose to participate in pools according to their risk tolerance and desire to be paid in the event their team finishes among the final four, rather than only if it wins. They will decide to participate in the after-market in the various pools based on the above, along with the going price for the team(s) they desire.

Moreover, distribution and exchange of entries in multiple, differing types of activities may occur. For example, a single exchange system or method may incorporate a basketball tournament, a reality television contest, a political race, and two football games.

In at least one embodiment, the exchange method incorporates odds. For example, an entry may have associated odds at the time of the initial distribution. In such a case, for instance, one entry may pay a certain amount if it wins and the entry with odds might pay 2-1, or double the amount of the other entry. Odds may also be  
5 attached to entries being exchanged. The odds may be provided by the exchange or the user. Likewise, the risk associated with providing odds may be the responsibility of the exchange or the user.

According to another embodiment, another type of initial distribution is the auction approach. This may be used as a substitute for the lottery approach, as an  
10 addition to the lottery approach, or as a substitute for/addition to any other distribution approach. According to the auction approach, entries are auctioned off to the highest bidder prior (or according to any other criteria), preferably prior to the start of the activity. The amount someone is willing to pay for an entry is reflective of his view of that entry's chances of winning, in addition to the total value of the potential  
15 payout. After the closing of the auction, users may buy and sell entries as already described above.

According to one embodiment, the distribution techniques may be incorporated into the after-market exchange trading. For example, once entries have been initially distributed, a user may make his entry available to the highest bidder  
20 from the market. The selling user might require a minimum bid, and any other auction techniques may be used.

The exchange activities may be hosted in any number of formats. For example, the exchange may be embodied in an electronic exchange system via the Internet or on a closed-loop system. An electronic exchange may list all of the pools,  
25 showing each of the entries and their current prices, as well as other pertinent information. Links to websites with tournament statistics, injury reports and other relevant matters can be provided. Users can input their initial entry or trades through a standard personal computer or other similar device. Alternatively, and where it is illegal to offer sports betting over Internet, the exchange can be hosted in a casino  
30 sportsbook or other legalized gambling establishment, either in a "trading pit" or by registering bids and offers with a teller or through a self-service betting terminal. Such a self-service betting terminal can be provided throughout a facility, including in

casino hotel rooms through the television (in a manner similar to check out services currently provided, where the remote control device or a computer keyboard is utilized). The current prices and other information could be displayed on closed-circuit television monitors, information boards, or other appropriate displays. Hosting  
5 can also enable remote, wireless participation through the use of a cellular network or a virtual private network.

According to another example embodiment, as shown in FIGURE 2, a system  
10 for distributing and/or exchanging interests in contest entries is provided. System 10 includes one or more exchange system interfaces 14 and an exchange system platform 16 coupled by one or more communication networks 18. In general, one or more clients 20 may receive exchange information (such as entry information, entry pricing, sale/purchase offer information, market trends, etc.) via exchange system  
15 interfaces 14. Exchange system interfaces 14 communicate information received from clients 20 to exchange system platform 16. Exchange system platform 16 stores information from clients 20 and determines actions to be taken based on such information. Such actions may include, for example, displaying a buy/sale offer price, a number of entries for sale, executing a transaction of one or more entries between one or more clients for a certain price, etc. Exchange platform 16 then communicates appropriate information about transactions to one or more of the  
20 exchange system interfaces 14.

System 10 can manage transactions concerning entries in any suitable activity. Activities may include, for example, competitions. Competitions may include, for example, tournaments, such as basketball, bowling, soccer, cricket, tennis and golf tournaments. Competitions may also include races such as horse races, dog races,  
25 auto races, etc. Competitions may also include single game competitions such as baseball, basketball, football, hockey, soccer, etc. Competitions may also include non-sports competitions. Examples of non-sports competitions may include, for instance, entertainment competitions, such as the Oscars, Grammys, Emmys, box office rankings, or reality television competitions (e.g., Survivor or American Idol).  
30 Non-sports competitions may also include other competitions such as political elections. The activities handled by system 10 can also include other suitable

activities that are not competitions per se. Any activity that has multiple entrants may be managed by system 10.

System 10 may function as an exchange for entries, such as entries in a tournament. In such a case, the winning entry would be determined at the end of the activity (in this case, the tournament). Alternatively, system 10 may serve as an exchange for events, which may be based upon a given time or some other criterion. For example, in a single game competition, such as a football game, the entries might include a single digit. The exchange would manage transactions of the single digit. The "winning" single digit might be determined based on the last number in the total score of the two football teams at the end of each quarter. Thus, the term "entries" as used herein, does not necessarily imply "participants" or teams in a competitions. Rather, an entry is any designation that may be determined at any point in, or based on any criterion in, an activity. Likewise, a winning entry does not necessarily mean the winner of a particular competition. Rather, a winning entry may be determined based on any criterion, such as a predetermined number, predetermined time, or the occurrence of an event.

In an example embodiment, system 10 may be configured to handle the initial distribution of the entries. This may be accomplished according to the lottery and/or auction methods already discussed, or according to any other suitable method. Once entries for the activity have been initially distributed, the system 10 manages the exchange of the entries. For example, in a basketball tournament, the entries may be the respective participating teams. The winning entry may be the team that wins the entire tournament. System 10 allows users, through clients 20, to conduct transactions involving the exchange of entries before or during the tournament. Each entry will have an associated price. Preferably, the price is determined by the market. However, the price may be determined based on any factor or set of factors. The price may also be artificially set. System 10 may be configured to receive, from a first user, an offer to sell an entry at a first price. System 10 may be similarly operable to receive, from a second user, an offer to buy an entry at a second price. The first and second prices may have any relationship including one being less than, equal to, or greater than the other. For example, the first price (sell price) might be \$100. The second price (buy price) might be \$90. System 10 may match a buy price

and a sell price with each other to initiate an exchange based on any suitable criterion. For instance if the buy price and sell price are within a certain range of one another, system 10 may initiate an exchange at the buy price, at the sell price, or at some other price determined according to any suitable method. For example, if system 10 might  
5 be configured to initiate an exchange of the entry at a price half way between the buy and sell price (i.e., \$95). The range between the buy and sell prices at which system 10 will initiate a transaction may be a fixed or variable amount, and may be predetermined based on any number of considerations (such as the average price of the entries), or may be determined by some other method (such as whether the range  
10 is less than a predetermined percentage of the sell price). Of course, these are examples only and the buy and sell prices might be equal, or the buy price might be higher than the sell price. System 10 might also require that the buy and sell prices be equal prior to initiating an exchange. Further, even if the buy and sell prices are equal (or otherwise meet a certain range criterion), system 10 may be configured to not  
15 initiate an exchange of the entry unless one or more additional criteria are met.

System 10 is preferably operable to manage multiple transactions for multiple entries in multiple activities. For example, there may be a plurality of buyers and sellers, each attempting to buy or sell multiple entries in a basketball tournament and multiple entries in a horse race. Moreover, for any single activity, such as a  
20 basketball tournament for example, system 10 manages transactions involving multiple instances of the same entry. For instance, in an NCAA basketball tournament, if the "entries" are the individual teams, then there are sixty-four entries. System 10 preferably manages multiple instances of each of the sixty-four teams. This might be the case if there is an initial distribution of the sixty-four teams,  
25 followed by a second distribution of the sixty-four teams. Each team would have two entries in the system (one for each of the distributions). If the teams were designated as numbers 1-64, and if the distributions were designated as a, b, c and so on, then there would be an entry 1a, 1b, 1c....1n, 2a, 2b, 2c....2n, 3a, 3b, 3c.....3n, and so on up to entry 64n (n being determined by the number of distributions). In the case of  
30 multiple distributions, the assets accumulated from the initial distribution may be either pooled or segregated, as desired.

In the example of a single distribution of entries in an NCAA tournament, the entries would be initially distributed as described elsewhere herein. At a later time, if a first user wanted to purchase an entry, he would use client 20 to communicate his purchase request to exchange platform 16 via exchange system interface 14.

5 Exchange platform would then determine whether there is any action necessary with respect to the purchase request. For example, exchange platform 16 might first determine whether the purchase request is valid or meets certain parameters. For instance, if the purchase request is for a team that is not in the tournament, then the request would not be valid. If the purchase request only provided the desired entry,  
10 but without a purchase price, the request would similarly be invalid. Exchange platform 16 might be configured to require certain credit, password, identity, and/or location information. If any of this information is either not provided, or determined to be insufficient, then exchange platform 16 makes a determination that the purchase request does not meet the required parameters. Assuming the purchase request is  
15 valid, then the exchange platform 16 communicates a display instruction to exchange interface 14, according to which exchange interface 14 displays the purchase request so that potential sellers may see the request and respond with a different purchase request or a sell request. These follow up requests need not wait until the first user's purchase request, however.

20 Similarly, a second user may communicate a sell request to exchange platform 16 via exchange interface 14. Again, exchange platform 16 may make a determination as to what, if any, action to take in response to the second user's sell request. As described above, one possible result is that the sell request is validated and a display instruction is sent to the exchange interface 14.

25 In response to any sell or purchase request, exchange platform 16 may determine that the appropriate action is to initiate an exchange of an entry between a particular seller and a particular buyer. This may be determined according to any of the possible scenarios already described elsewhere herein. Once an exchange is initiated, exchange platform 16 conducts the exchange and notifies the buyer and the  
30 seller. In one embodiment, the exchange platform 16 conducts the exchange by removing a seller's identifier from, and attaching a buyer's identifier to, a digital representation of the entry. Other methods of actually conducting the transfer of an

entry may be incorporated. The transfer may be conducted in response to any number of events including confirmation from the buyer and seller and/or the buyer transmitting appropriate payment instructions.

Payment may be conducted by any suitable method, such as by the use of a debit or credit account, electronic check, or requests to transfer funds from or to a pre-established user account. Thus, the payments may be made manually, or electronically from an account resident within system 10 or external to system 10. For example, if payment is by a debit card, the buyer would enter the appropriate bank information (such as debit card number, expiration date, bank routing number and bank account number). An electronic connection would be established between system 10 and the buyer's bank to conduct the transfer of funds from the buyer's account to an account managed by, or in connection with, system 10. Receipt of funds by a seller are effected in a similar manner.

Exchange system interfaces 14 may include any suitable interface between a client 20 and exchange system platform 16. For example, exchange system interface 14 may comprise a kiosk 26, and automatic teller machine (ATM) 28, a handheld communication device 29 (such as a mobile telephone or a personal data assistant (PDA), a telephone operator 34, an Internet exchange provider 46 (via one or more servers, for example), or a website 36.

For example, in the case of kiosk 26, a user might purchase entry opportunities, make bids, or otherwise participate in the distribution of entries. The user might also place buy and/or sell requests, retrieve market information, view ancillary information (such as advertising and retail information), and make or receive payments (or confirmation of payments) for transactions. The user might also be able to receive a printout of a particular transaction or of the user's account activity (e.g., showing all of the entries purchased and sold, along with time and price information, for a particular activity, such as a tournament).

Clients 20 may access or communicate with such non-physical interfaces via one or more communication networks 44. Communication networks 44 may include one or more servers, routers, switches, repeaters, backbones, links and/or any other appropriate type of communication devices coupled by links such as wire line, optical, wireless, or other appropriate links. In general, communication network 44 may



include any interconnection found on any communication network, such as a telephone network, a local area network (LAN), metropolitan area network (MAN), wide area network (WAN), the Internet, portions of the Internet, or any other data exchange system. To access exchange system interface 14 using communication  
5 networks 44, clients 20 may use a computer, a personal digital assistant (PDA), a cell-phone, a remote paging device, an electronic mail communication device, a handheld betting device, or any other suitable mobile device. In certain embodiments, clients 20 may receive any suitable information from exchange platform 16 via mobile devices using, for example, communication networks 44 and exchange system  
10 interfaces 14.

System 10 may incorporate one or more servers (not explicitly shown), which may host one or more of the exchange system interfaces 14 (such as a website) and which may also host exchange system platform 16 in some embodiments. In some embodiments, information available to clients 20 via an exchange system interface 14  
15 may be updated substantially in real time or at preset intervals (such as every 30 seconds, for example) as new communications are made between users and exchange system platform 16 and/or as information regarding the events, exchange parameters, or activities changes, for example.

In some embodiments, one or more websites 36 may be provided by, or  
20 associated with, an Internet exchange provider 46, for example. Internet exchange provider 46 may provide Internet account management by providing online exchange accounts to one or more users. Using an online exchange account, a user may interface with one or more websites 36 associated with the Internet exchange provider 46 in order to fund the account, view exchange information regarding exchange  
25 activities, entries and events, and place buy and sell requests. Such online exchange accounts may include one or more various types of accounts, such as deposit accounts, credit accounts, stop-loss accounts, and hybrid accounts, for example.

As shown in FIGURE 2, betting system platform 16 includes a processor 38  
coupled to a memory 40. Processor 38 is generally operable to execute various  
30 algorithms or calculations to receive, store and communicate exchange information and buy and sell requests, and to conduct transactions necessary for the exchange of entries.

Processor 38 may comprise any suitable processor that executes one or more exchange system software applications 42 or other computer instructions, such as a central processing unit (CPU) or other microprocessor, and may include any suitable number of processors working together. Memory 40 may comprise one or more  
5 memory devices suitable to facilitate execution of the computer instructions, such as one or more random access memories (RAMs), read-only memories (ROMs), dynamic random access memories (DRAMs), fast cycle RAMs (FCRAMs), static RAM (SRAMs), field-programmable gate arrays (FPGAs), erasable programmable read-only memories (EPROMs), electrically erasable programmable read-only  
10 memories (EEPROMs), microcontrollers, or microprocessors.

Memory 40 is generally operable to store various information that may be used by processor 38 in determining actions to take in response to communications from clients 20, and to manage any information necessary for the function of system 10. For example, memory 40 may comprise any suitable number of databases, which  
15 may be co-located or physically and/or geographically distributed. In the example shown in FIGURE 2, memory 40 may store any or all of the exchange system software applications 42, which may include, without limitation, applications for distributing entries, applications for providing exchange information, applications for receiving, storing, or sending buy and sell requests, applications for conducting  
20 exchanges of entries, applications for receiving, storing, updating and communicating entry, activity, and event information, applications for managing event parameters, and applications for conducting payment transactions.

The various event or activity parameters may include, without limitation, any parameters which impact the operation of the exchange, such as, for example, the type  
25 of activity and/or event, the time, date and location of the activity and/or event, the number (or in some cases, the name) of each of the entries, the identity of the users, the manner in which the exchange is accessed (such as via telephone, the Internet, or kiosk, for example), the type of request, commission rates or takeouts, entry and pricing information associated with the request.

30 Activity results 64 may comprise various data regarding the results of one or more activities, such as the final position of each entry in a competition, whether there was a tie for any position and/or whether entry did not finish the activity, for example.

User results 66 may comprise various data regarding the results of various buy and sell requests and payout information, such as the identity of the user who has a winning entry, the determined payout for the entry and/or whether the payout was distributed to the user, for example.

5           As discussed above, one or more communication networks 18 couple and facilitate wireless or wireline communication between one or more exchange system interfaces 14 and exchange system platform 16. Each communication network 18 may include one or more servers, routers, switches, repeaters, backbones, links and/or any other appropriate type of communication devices coupled by links such as wire  
10 line, optical, wireless, or other appropriate links. In general, each communication network 18 may include any interconnection found on any communication network, such as a local area network (LAN), metropolitan area network (MAN), wide area network (WAN), the Internet, portions of the Internet, or any other data exchange system.

15           As discussed above, processor 38 is operable to execute exchange system software applications 42. Processor 38 may execute applications 42 based on data 50 received from memory 40 and/or one or more exchange system interfaces 14. In addition, processor 38 may update exchange system data based on new information being received by exchange system platform 16. In some embodiments, processor 38  
20 may update data in real time, substantially in real time, or at preset intervals (such as every thirty seconds, for example).

          As shown in FIGURE 2, exchange system data may be communicated to one or more exchange system interfaces 14 via communication network 18. Current exchange system data may then be made available to clients 20, such as via tote  
25 boards or monitors, or on an appropriate website 36 that may be accessed by clients 20, for example. In this manner, users may have access to real-time or substantially real-time current exchange system data regarding various activities, events and parameters.

          Although embodiments of the invention and their advantages are described in  
30 detail, a person skilled in the art could make various alterations, additions, and omissions without departing from the spirit and scope of the present invention as defined by the appended claims.